

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05 L-02 LAB-01

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 SWF-01 /092 W
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R 191310Z NOV 74 ZDK
FM AMEMBASSY ROME
TO SECSTATE WASHDC 8269
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EEC, GATT, IT

SUBJECT: PRESS SPECULATION ON POSSIBLE NEW IMPORT RESTRICTIONS

1. NOVEMBER 18 ISSUE OF MESSAGERO CARRIES STORY DATED LINED BRUSSELS
TO EFFECT THAT EC SOURCES FEAR GOI MAY IMPOSE NEW IMPORT RESTRIC-
TIONS (MENTIONING SPECIFICALLY MEAT, AUTOMOBILES, HOUSEHOLD
APPLIANCES AND PETROLEUM) BECAUSE OF NEED TO IMPROVE BALANCE OF
PAYMENTS SITUATION.

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2. EMBOFF CONTACTED MINISTRY FOREIGN TRADE (MFT) REP SIMEONE

(DIRECTOR, GATT-EC AFFAIRS), WHO, WHEN ASKED ABOUT THE STORY, SAID "AT THIS TIME GOI IS NOT CONSIDERING ANY ADDITIONAL RESTRICTIVE MEASURES." HE FLATLY DENIED THERE IS ANY FACTUAL BASIS FOR THE STORY.

3. SIMEONE INDICATED SPECULATION RE ADDITIONAL IMPORT RESTRICTIONS MAY HAVE STEMMED FROM HIS REMARKS AT LAST 113 COMMITTEE MEETING IN BRUSSELS OR FROM PORTIONS OF PRIME MINISTER DESIGNATE MORO'S ECONOMIC PROGRAM. AT 113 COMMITTEE MEETING (AT WHICH SIMEONE REPRESENTED GOI VICE MFT DIRECTOR GENERAL FRACASSI) SIMEONE SAID THE ESPOUSED STANDARD GOI LINE THAT, GIVEN CURRENT ECONOMIC SITUATION IN ITALY AND ELSEWHERE, REDUCTION TARIFFS AND NTB'S NOT RPT NOT ITALY'S HIGHEST PRIORITY PROBLEM. (ASSURED ACCESS TO RAW MATERIALS AT REASONABLE PRICES, INFLATION AND EMPLOYMENT SITUATION ARE MUCH MORE SIGNIFICANT FROM GOI VIEWPOINT.) HE FEARED THAT HIS REMARKS IN 113 COMMITTEE MAY HAVE BEEN MISINTERPRETED. MORO'S LETTER TO CENTER-LEFT PARTIES, WHICH SET FORTH HIS PROPOSED ECONOMIC PROGRAM, MENTIONED USING SELECTIVE CREDIT POLICY AND TAX MEASURES TO FACILITATE EXPORTS AND LIMIT IMPORTS "WITHIN FRAMEWORK OF GOI'S INTERNATIONAL OBLIGATIONS. "BRUSSELS SOURCES, SIMEONE NOTED, COULD BE READING MORE INTO THIS STATEMENT THAN WAS INTENDED.

4. COMMENT: DOMESTIC CREDIT SITUATION FOR ITALIAN EXPORTERS IS CURRENTLY CRITICAL, WHILE IMPORTERS HAVE OFTEN BEEN ABLE OBTAIN EXTERNAL FINANCING OF ONE FORM OR ANOTHER. THE RESULTING SITUATION IS NOT RPT NOT HELPFUL TO ITALIAN TRADE ACCOUNT. EMBASSY NOTES SIMEONE'S CONSIDERED USE OF PHRASE "AT THE PRESENT TIME" ON SEVERAL RECENT OCCASIONS WHEN DISCUSSING POSSIBLE TRADE MEASURES WITH EMBOFF. WOULD ITALIAN NON-OIL TRADE ACCOUNT DETERIORATE, GOI MAY FEEL COMPELLED TO ACT, BUT THAT POINT HAS NOT YET BEEN REACHED. THIS IS FIRST PUBLIC REFERENCE TO USE OF TAX MEASURES TO INCREASE EXPORTS DECREASE IMPORTS. NOT CLEAR WHAT SPECIFIC TAX MEASURES MIGHT BE CONSIDERED, BUT POSSIBILITIES INCLUDE RAISING IVA ON SOME ITEMS WHICH ARE LARGELY IMPORTED AND/OR ESTABLISHMENT OF SOMETHING SIMILAR TO US DISC (LESS LIKELY, HOWEVER, BECAUSE OF ITALIAN TAX STRUCTURE.). VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORT CONTROLS, BALANCE OF PAYMENTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME16127
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740334-0713
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741131/aaaaaztr.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2002 by izenbei0>; APPROVED <13-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS SPECULATION ON POSSIBLE NEW IMPORT RESTRICTIONS
TAGS: ETRD, IT, EEC, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005